



FINANCE AND ADMINISTRATION CABINET  
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

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**Financial Aid Tip of the Month, December 2005**

**Things you need to know about student loans**

One fact of life for most college students is that they will have to take out student loans to help pay for their college education. Many times their parents will have to take out loans to help them. That means students and parents should take time to learn more about student loans and how to save money on them.

The Federal Family Education Loan Program (FFELP) includes Federal Stafford Loans for students and Federal PLUS Loans for parents. FFELP loans will have a lender and a guarantor. The lender can charge an origination fee, similar to the points on a home mortgage, of up to 3 percent. The guarantor can charge an insurance fee of up to 1 percent. Those fees are deducted before the loan funds are sent to the student's college. However, not all FFELP lenders and guarantors charge the same fee. To be smart shoppers, students and parents should find out what fees each lender and guarantor charges. The lower the fees, the more money the student gets to pay for school.

Students and parents should also see what benefits lenders offer when they're paying back Stafford or PLUS Loans. Many FFELP lenders offer interest rate reductions for automatic withdrawals and reductions to the principal for a history of on-time payments. The Student Loan People<sup>sm</sup>, the state's only public nonprofit student loan provider, offer BestStart Stafford loans with even better benefits than most national lenders.

In addition, some lenders offer special benefits. The Student Loan People offer Best in Class, with interest forgiveness for Kentucky teachers and principal forgiveness for minority teachers and teachers in certain fields. Best in Care offers interest forgiveness for registered nurses, licensed practical nurses and licensed vocational nurses who work in Kentucky. RNs, LPNs and LVNs in certain fields may also qualify for principal forgiveness. Public service attorneys in Kentucky may qualify for Best in Law benefits.

These are available only for teachers, nurses and attorneys who received their student loans from The Student Loan People. For complete details, visit [www.studentloanpeople.com](http://www.studentloanpeople.com); write The Student Loan People, P.O. Box 24328, Louisville, KY 40224-0328; or call (888) 678-4625.

To learn how to plan and prepare for higher education, visit [www.GoHigherKY.org](http://www.GoHigherKY.org). For more information about Kentucky scholarships and grants, visit [www.kheaa.com](http://www.kheaa.com); write KHEAA, P.O. Box 798, Frankfort, KY 40602-0798; or call (800) 928-8926, extension 7381.